

## Independent Verification Statement

To the Board of Directors and Management of Woolworths Holdings Ltd.

### Introduction

Woolworths Holdings Ltd. (Woolworths) commissioned Global Carbon Exchange (GCX) to perform an independent, limited-level verification of its 2012 Greenhouse Gas (GHG) emissions inventory, as calculated by Future Measure for the period 1 January 2012 to 31 December 2012. The verification was performed in accordance with the International Standard ISO14064-3 (2006) 'Specification with guidance for the validation and verification of greenhouse gas assertions'.

### Objectives, Performance Criteria and Scope

For the purposes of public disclosure through the Carbon Disclosure Project (CDP), the GHG assertions verified were the following:

- That Woolworths' 2012 GHG Inventory was developed in accordance with common industry practice and conforms to the WRI-WBCSD GHG Protocol Corporate Accounting Standard, 2<sup>nd</sup> Edition, 2004 (GHG Protocol).
- That the revised Woolworths GHG quantification ("WW GHG Assertion 2012\_VERIFIED.xlsx") for the 2012 reporting period, consolidated according to the **operational control** approach, was **362,126.64 tonnes CO<sub>2e</sub>** for Scopes 1, 2 and 3 and **36,441.82 tonnes CO<sub>2e</sub>** for "Other" direct<sup>1</sup> emissions, totaling **398,568.46 tonnes CO<sub>2e</sub>**.

The scope of the verification included an assessment of: the reporting boundaries selected; the quantification methodology and emission factors used; the integrity of the activity data used; the accuracy and completeness of the GHG calculations; overall GHG reporting to ensure conformance with the principles/criteria of the GHG Protocol.

The verification included all Woolworths' South African operations where data was available, incorporating the following facilities:

- Corporate Head Office – 4 buildings
- Corporate Stores - 335 stores
- Distribution Centres – 5 DCs

### Exclusions

The following entities/facilities fell under Woolworths' operational control during 2012, but all GHG emissions-generating activities associated with these facilities were excluded from the 2012 disclosure due to data availability:

- All non-SA stores and facilities
- Phumelela Park stockroom
- All other outside stockrooms

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<sup>1</sup> The GHG Protocol states that GHG emissions from refrigerant gases not listed by the Kyoto Protocol and CO<sub>2</sub> emissions from the combustion of biofuels should be reported separately from the scopes. (Reported here as "Other" direct emissions).

Activity data for the following emissions sources was excluded or incomplete due to data availability:

#### **Scope 1/Other direct:**

- Refrigeration gas usage at 30 full-line and food-only corporate stores;
- Air-con gas usage where managed by Woolworths for all corporate stores, and for Surprise Park DC.
- Stationary and Mobile equipment fuel usage at Surprise Park and Racecourse Gardens DCs.

***The above facility and emissions source exclusions should be disclosed in response to Question 8.4 of the CDP questionnaire.***

#### **Scope 3:**

- Waste disposal at all corporate stores and Surprise Park DC.

### **Woolworths' Responsibility**

Woolworths was responsible for the preparation and presentation of the selected subject matter/data to GCX (as detailed in the Verification Report).

### **Responsibility of the Independent Verification Provider (GCX)**

The verification task was to form an opinion at a **limited level of assurance** about the above GHG assertions, regarding:

- Conformance with the general requirements of the GHG Protocol.
- Completeness and accuracy of the quantified GHG emissions for the 2012 reporting period.

### **Work Performed**

The verification performed by GCX applied the ISO14064-3 (2006) International Standard for GHG verifications. In conformance with this Standard, the following verification activities were conducted:

1. Preliminary review of Woolworths' GHG documentation and methodologies, including historical GHG data.
2. Overall risk assessment to identify high-risk areas for further scrutiny. In these areas, further information or corroborating data was requested.
3. Investigation to ensure the inclusivity of all relevant facilities in the organizational boundaries used.
4. Discussion with Woolworths' personnel and service providers regarding systems and procedures, review of relevant documentation, and clarification requests where necessary.
5. In-depth assessment of GHG documentation and methodologies, as well as analysis of the requested source data. This included checking:
  - Completeness, accuracy, relevance, consistency and transparency of the selected activity data used for the quantification;

- Accuracy of arithmetical calculations for the selected data;
  - Methodology and any assumptions, estimation or extrapolation used pertaining to the selected data;
  - Reliability and appropriateness of the emission factors applied to the selected data.
6. Review of the consistency between the selected sample data and the related activity data used for the GHG quantification using a materiality threshold of 5% for each emissions source selected for verification.
  7. Revision of the GHG quantification by Woolworths/Future Measure, incorporating the amendments and corrective actions requested by GCX.
  8. Final check of the revised GHG quantification (dated 22 June 2013) by GCX.
  9. Completion of the verification process and issuing of the Verification Statement by GCX.
  10. The verification proceedings, findings and opportunities for improvement were then documented by GCX in a final Verification Report.

### **Carbon Disclosure Project**

For the purposes of CDP reporting, and in accordance with the **limited** assurance guidelines of the ISO 14064-3(2006) Standard, the following was concluded:

- **Scope 1**  
Total Scope 1 emissions for 2012: **4,244.67 tonnes CO<sub>2</sub>e.**  
CDP 8.5: Data Accuracy- 10-20% Uncertainty range due to: Measurement constraints; Data gaps (Refills of some refrigeration and all air-con gases at stores not recorded).  
CDP 8.6a: Proportion of Scope 1 emissions verified: 90-100%
- **Scope 2**  
Total Scope 2 emissions for 2012: **299,957.86 tonnes CO<sub>2</sub>e.**  
CDP 8.5: Data Accuracy - 2-5% Uncertainty range due to: Metering/measurement constraints; Extrapolation/estimation (used for facilities without online metering).  
CDP: 8.7a Proportion of Scope 2 emissions verified: 90-100%
- **Scope 3**  
Total Scope 3 emissions for 2012: **57,924.11 tonnes CO<sub>2</sub>e.**  
CDP: 14.2a Proportion of Scope 3 emissions verified: 90-100%
- **Other Direct<sup>2</sup>**  
Total Other Direct emissions for 2012: **36,441.82 tonnes CO<sub>2</sub>e.**

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<sup>2</sup> This includes direct fugitive emissions from refrigerant gases not listed by the Kyoto Protocol. To remain consistent with intensity reporting for previous years, the final intensity figures used for CDP reporting should include Scope 1, Scope 2 and Other Direct emissions, but this should be transparently stated.

## **Inherent Limitations**

There is an inherent limitation in providing verification of GHG data. Non-financial data is subject to more inherent limitations than financial data, given both the nature and the methods used to determine, calculate, sample or estimate such data.

This assurance engagement did not include an examination of the derivation of emission factors, conversion factors, or other derived third party information.

GCX has not conducted any work outside of the agreed scope and we therefore restrict our opinion to the agreed subject matter.

## **Final Verifier Opinion and Qualifications**

On the basis of the **limited assurance** procedures carried out in accordance with ISO 14064-3, there is no evidence that Woolworths' revised GHG quantification for 2012 as presented in the spreadsheet "WW GHG Assertion 2012\_VERIFIED.xlsx":

1. Has not been prepared in conformance with the general requirements of the WRI-WBCSD GHG Protocol Corporate Accounting Standard (2004); and
2. Is not materially correct and a fair, complete and accurate representation of the GHG data and information for the 2012 reporting period, with the following qualifications:
  - o Total GHG emissions for Woolworths are under-estimated due to the exclusions and incomplete data listed above, and in particular due to the omission of Scope 1 air-con refills at Woolworths' corporate stores.
  - o No individual job cards were checked for refrigerant gas refills.
  - o Estimation was used to calculate stationary fuel usage for store generators.
  - o Where there were data gaps, activity data was estimated for both electricity and water consumption, which is subject to inherent inaccuracy.
  - o No municipal invoices or meters were checked to verify the monthly electricity and water consumption data provided by the online metering system (MOL).
  - o Emissions from recycled/composted waste (and all historical recalculations) were not verified as inappropriate (UK-derived) emission factors were used.
  - o Base year (2008) GHG emissions recalculation due to boundary, calculation methodology and emission factor changes is still to be completed.
  - o 'Emissions Intensity' denominators and % change over time calculations, including progress against performance targets, were not verified. (Reporting of intensity metrics is not a requirement of the GHG Protocol).
  - o The 2012 GHG Inventory Report was not submitted in time for verification.
  - o No site visits were conducted.



Signed: **Kerry Evans**  
Lead GHG Verifier  
**GLOBAL CARBON EXCHANGE**



Signed: **Ohad Shachar**  
Managing Director  
**GLOBAL CARBON EXCHANGE**

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